

CIA OPERATIONS CENTER

NEWS SERVICE

Date. 13 Jul 77

Item No. 3

Ref. No.

DISTRIBUTION II

07-021

(CIA)

(BY DANIEL GILMORE)

WASHINGTON (UPI) - CIA DIRECTOR ADM. STANFIELD TURNER HAS FORCED THE EARLY RETIREMENT OF HIS NO. 1 DEPUTY AND IS MOVING AGAINST SOME 20 TOP MEMBERS OF THE AGENCY'S CLANDESTINE OPERATIONS DEPARTMENT, INFORMED SOURCES SAID TODAY.

THERE WAS NO OFFICIAL CONFIRMATION FROM THE CIA ITSELF.

THE SOURCES TOLD UPI THAT TURNER, IN WHAT APPEARED TO BE A MAJOR RESHUFFLE, HAD REQUESTED THE RESIGNATION VIA EARLY RETIREMENT OF E. HENRY "HANK" KNOCHE, WHO ONLY LAST JANUARY RECEIVED PRESIDENT CARTER'S HIGHEST CIVILIAN AWARD FOR DISTINGUISHED CIVIL SERVICE.

KNOCHE, A FORMER NAVY VETERAN OF WORLD WAR II AND KOREA, JOINED THE CIA IN 1953 AND WAS CONFIRMED AS DEPUTY TO CIA DIRECTOR GEORGE BUSH JUNE 30, 1976. BUSH, AN APPOINTEE OF PRESIDENT GERALD FORD, RESIGNED AFTER CARTER WAS ELECTED. KNOCHE RAN THE CIA AS ACTING DIRECTOR IN THE INTERIM BEFORE TURNER TOOK OVER LAST FEBRUARY.

THE SOURCES SAID KNOCHE HAS ALREADY TENDERED HIS RESIGNATION TO CARTER, A FORMALITY REQUIRED SINCE THE POST OF DEPUTY CIA DIRECTOR IS BY PRESIDENTIAL NOMINATION AND ALSO REQUIRES SENATE APPROVAL.

THE SOURCES SAID JOHN MAHON, NOW IN THE ADMINISTRATIVE SECTION OF CIA BUT WHO ALSO FORMERLY WAS IN THE CLANDESTINE DIRECTORATE, HAS BEEN SELECTED BY TURNER TO REPLACE KNOCHE.

THE EXACT REASONS FOR KNOCHE'S FORCED EARLY RETIREMENT WERE NOT CLEAR BUT A PATTERN WAS EVIDENT IN THE INTENDED SWEEP BY TURNER OF THE CLANDESTINE OPERATIONS DIRECTORATE.

HE REQUESTED THE EARLY RETIREMENT OF WILLIAM WELLS AND THEODORE SCHATLEY, THE TWO TOP MEN IN THE DEPUTY DIRECTORATE OF OPERATIONS - THE CIA BRANCH THAT HANDLES CLANDESTINE OPERATIONS. BOTH ARE AGENCY VETERANS AND ONE UNCONFIRMED REPORT SAID THEY ARE RESISTING THE PRESSURE TO RETIRE.

IN ADDITION, SOME 20 MEMBERS OF THE DIRECTORATE WERE IN EFFECT ASKED TO RESIGN VIA THE EARLY RETIREMENT ROUTE.

IF CONFIRMED, THE SCOPE OF THE MOVE WOULD BE REMINISCENT OF WHOLESALE "EARLY RETIREMENTS" ORDERED BY JAMES SCHLESINGER WHEN HE SERVED FOR A FEW MONTHS AS CIA DIRECTOR IN 1973 AFTER RICHARD HELMS WAS REMOVED IN THE FIRST WAVE OF EXPOSURES OF QUESTIONABLE ACTIVITIES BY THE AGENCY BOTH AT HOME AND ABROAD.

UNTIL KNOCHE IS FORMALLY REPLACED, TURNER WILL BE WITHOUT A CHIEF DEPUTY.

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Date. July 13
Item No. 4
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UP-050

R B

ADD 1 CIA, WASHINGTON (UP-021)

ADM. DANIEL J. MURPHY, WHO HAD BEEN A DEPUTY DIRECTOR SINCE MARCH, 1976, WAS RECENTLY TRANSFERRED TO THE PENTAGON AS STAFF ADVISER ON INTELLIGENCE TO DEFENSE SECRETARY HAROLD BROWN.

TURNER, A FORMER NAVAL ACADEMY CLASSMATE OF CARTER, INSISTED ON AND SUCCEEDED IN RETAINING HIS ADMIRAL'S RANK WHEN HE ACCEPTED THE PRESIDENT'S NOMINATION AS INTELLIGENCE CHIEF. UNTIL THE CURRENT CHANGES, TURNER HAD MOVED CAUTIOUSLY IN REORGANIZING THE CIA.

SENIOR INTELLIGENCE OFFICERS WERE SAID TO BE PUZZLED AT THE ACTION AGAINST KNOCKE WHO, THEY SAID, HAD APPARENTLY GOT ALONG WELL WITH TURNER AND HAD RECEIVED ONLY PRAISE FOR HIS WORK.

IT WAS SPECULATED THAT KNOCKE MAY HAVE OPPOSED TURNER'S ACTION AGAINST THE CLandestine OPERATIONS SECTION, WHICH ONE SOURCE DESCRIBED AS A "WHOLESALE PURGE."

"THIS COMPRISES ABOUT THE WHOLE HEADQUARTERS COMMAND OF THAT SECTION, WHICH IS NOT LARGE," THE SOURCE SAID. "ALMOST ALL ARE SENIOR OFFICERS."

UPI 07-13 11:39 AED

UP-054

R B

ADD 2 CIA, WASHINGTON

WHITE HOUSE PRESS SECRETARY JODY POWELL SAID TURNER "HAS DISCUSSED HIS PLANS WITH THE PRESIDENT, (BUT) NOT WITH REGARD TO EVERY SPECIFIC CHANGE." POWELL SAID HE DID NOT KNOW WHETHER CARTER HAD RECEIVED KNOCKE'S LETTER.

A REQUEST FOR EARLY RETIREMENT IS THE CIA EUPHEMISM FOR A DEMAND FOR RESIGNATION.

UPI 07-13 11:52 AED

UP-021

(CIA)

(BY DANIEL GILMORE)

WASHINGTON (UPI) - CIA DIRECTOR ADM. STANSFIELD TURNER HAS FORCED THE EARLY RETIREMENT OF HIS NO. 1 DEPUTY AND IS MOVING AGAINST SOME 20 TOP MEMBERS OF THE AGENCY'S CLANDESTINE OPERATIONS DEPARTMENT, INFORMED SOURCES SAID TODAY.

THERE WAS NO OFFICIAL CONFIRMATION FROM THE CIA ITSELF.

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KNOCHE, A FORMER NAVY VETERAN OF WORLD WAR II AND KOREA, JOINED THE CIA IN 1953 AND WAS CONFIRMED AS DEPUTY TO CIA DIRECTOR GEORGE BUSH JUNE 30, 1976. BUSH, AN APPOINTEE OF PRESIDENT GERALD FORD, RESIGNED AFTER CARTER WAS ELECTED. KNOCHE RAN THE CIA AS ACTING DIRECTOR IN THE INTERIM BEFORE TURNER TOOK OVER LAST FEBRUARY.

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THE SOURCES SAID JOHN MAHON, NOW IN THE ADMINISTRATIVE SECTION OF CIA BUT WHO ALSO FORMERLY WAS IN THE CLANDESTINE DIRECTORATE, HAS BEEN SELECTED BY TURNER TO REPLACE KNOCHE.

THE EXACT REASONS FOR KNOCHE'S FORCED EARLY RETIREMENT WERE NOT CLEAR BUT A PATTERN WAS EVIDENT IN THE INTENDED SWEEP BY TURNER OF THE CLANDESTINE OPERATIONS DIRECTORATE.

HE REQUESTED THE EARLY RETIREMENT OF WILLIAM WELLS AND THEODORE SCHATLEY, THE TWO TOP MEN IN THE DEPUTY DIRECTORATE OF OPERATIONS - THE CIA BRANCH THAT HANDLES CLANDESTINE OPERATIONS. BOTH ARE AGENCY VETERANS AND ONE UNCONFIRMED REPORT SAID THEY ARE RESISTING THE PRESSURE TO RETIRE.

IN ADDITION, SOME 20 MEMBERS OF THE DIRECTORATE WERE IN EFFECT ASKED TO RESIGN VIA THE EARLY RETIREMENT ROUTE.

IF CONFIRMED, THE SCOPE OF THE MOVE WOULD BE REMINISCENT OF WHOLESALE "EARLY RETIREMENTS" ORDERED BY JAMES SCHLESINGER WHEN HE SERVED FOR A FEW MONTHS AS CIA DIRECTOR IN 1973 AFTER RICHARD HELMS WAS REMOVED IN THE FIRST WAVE OF EXPOSURES OF QUESTIONABLE ACTIVITIES BY THE AGENCY BOTH AT HOME AND ABROAD.

UNTIL KNOCHE IS FORMALLY REPLACED, TURNER WILL BE WITHOUT A CHIEF DEPUTY.

UPI 07-13 10:13 RED

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NEWS SERVICE

Date. 13 Jul
Item No. 9
Ref. No. _____

DISTRIBUTION II

UP-097

(CIA)

(BY DANIEL GILMORE)

WASHINGTON (UPI) - CIA DIRECTOR STANSFIELD TURNER ANNOUNCED TODAY THAT HIS NO. 1 DEPUTY HAS SUBMITTED HIS RESIGNATION TO PRESIDENT CARTER BUT SAID THERE WERE NO PLANS FOR REMOVALS OF OTHER TOP CIA OFFICIALS "AT THIS TIME".

INFORMED SOURCES TOLD UPI EARLIER TODAY THAT TURNER HAD DEMANDED THE EARLY RETIREMENT OF HIS DEPUTY, HENRY KNOCHE, 52, AS WELL AS NEARLY ALL OF THE SENIOR STAFF MEMBERS OF THE CIA'S CLANDESTINE OPERATIONS DEPARTMENT. CARTER DECORATED KNOCHE LAST JANUARY FOR DISTINGUISHED CIVILIAN SERVICE.

TURNER RELEASED A BRIEF STATEMENT THAT SAID:

"THE DIRECTOR OF CENTRAL INTELLIGENCE CONFIRMS THAT THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, E. HENRY KNOCHE, SUBMITTED HIS RESIGNATION TO THE PRESIDENT ON JULY 5 EFFECTIVE ON AUG. 11, 1977. THE PRESIDENT HAS NOT YET NOMINATED A SUCCESSOR. THERE ARE NO PLANS FOR FORCED RETIREMENTS OR REMOVALS OF ANY TOP CIA OFFICIALS. THERE ARE NO PLANS FOR MAJOR CHANGES IN THE CIA ORGANIZATION AT THIS TIME."

UPI 07-13 03:20 PED

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NEWS SERVICE

Date. 13 Jul
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UP-105

ADD 1 CIA; WASHINGTON (UP-097)

HOWEVER, THE SOURCES SAID TURNER IS SEEKING EARLY RETIREMENT OF AT LEAST 20 MEMBERS OF THE OPERATIONS DIRECTORATE, WHICH HANDLES CLANDESTINE ACTIVITIES, INCLUDING THE DIRECTORATE'S TWO TOP MEN - WILLIAM WELLS AND THEODORE SHACKLEY.

ASKED ABOUT THE CIA MOVES, WHITE HOUSE PRESS SECRETARY JODY POWELL SAID TURNER "HAS DISCUSSED HIS PLANS WITH THE PRESIDENT, (BUT) NOT WITH REGARD TO EVERY SPECIFIC CHANGE."

AND POWELL SAID, "MY UNDERSTANDING FROM THE CIA IS THAT THOSE REPORTS (ON CIA CHANGES) ARE SOMEWHAT EXAGGERATED."

UPI 07-13 03:43 PED

CIA OPERATIONS CENTER

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FBC-CIA RESIGNATION:300

NEWS SERVICE

Date. 13 Jul 77

Item No. 8

Ref. No.

DISTRIBUTION II

URGENT

BY EVANS WITT

ASSOCIATED PRESS WRITER

WASHINGTON (AP) - THE NO. 2 MAN AT THE CENTRAL INTELLIGENCE AGENCY HAS RESIGNED EFFECTIVE NEXT MONTH AMID REPORTS HE WAS FORCED OUT BY PRESIDENT CARTER'S NEW CIA DIRECTOR.

ADM. STANFIELD TURNER, THE CIA DIRECTOR, CONFIRMED THROUGH A SPOKESMAN THAT E. HENRY KNOCHE SUBMITTED HIS RESIGNATION TO PRESIDENT CARTER ON JULY 5. THE RESIGNATION IS EFFECTIVE AUGUST 1.

THE CIA SPOKESMAN WOULD NOT COMMENT ON NEWS REPORTS THAT THE 24-YEAR AGENCY VETERAN WAS FORCED TO RETIRE BY TURNER.

BUT AN OFFICIAL STATEMENT ATTEMPTED TO DISCOUNT THE REPORTS THAT A MAJOR WAVE OF FIRINGS WAS IMMINENT AT THE AGENCY.

"THERE ARE NO PLANS FOR FORCED RETIREMENTS OR REMOVALS OF ANY TOP CIA OFFICIALS. THERE ARE NO PLANS FOR MAJOR CHANGES IN THE CIA ORGANIZATION AT THIS TIME," THE STATEMENT SAID.

KNOCHE, 52, WAS NAMED TO THE SECOND SPOT AT THE CIA BY THEN-PRESIDENT GERALD FORD IN 1976. UNDER AN EXECUTIVE ORDER ISSUED BY FORD, KNOCHE WAS IN CHARGE OF THE CIA'S DAY-TO-DAY OPERATIONS.

AT A FEBRUARY 1977 NEWS CONFERENCE, CARTER SAID THAT KNOCHE WAS "VERY COMPETENT." KNOCHE WAS ACTING DIRECTOR OF THE CIA AT THE TIME, FILLING IN BETWEEN THE RESIGNATION OF GEORGE BUSH AS CIA CHIEF AND TURNER'S CONFIRMATION.

WHEN HE WAS SWORN-IN LAST JULY AS DEPUTY DIRECTOR OF THE SCANDAL-SHAKEN AGENCY, KNOCHE SAID:

"WE ENTER A NEW ERA WITH FIRM RESOLVE TO IMPROVE OUR PERFORMANCE, WITH FULL REGARD FOR THE LAW AND THE CONSTITUTIONAL RIGHTS OF AMERICAN CITIZENS."

AT HIS CONFIRMATION HEARINGS, KNOCHE SAID THE CIA IS "AN INSTRUMENT OF FOREIGN POLICY" WITH MAJOR DECISIONS MADE BY "HIGHER AUTHORITY."

"WE ARE NOT THE JUDGES OF WHEN WE EMPLOY COVERT ACTION," HE TOLD THE SENATE INTELLIGENCE COMMITTEE LAST JUNE.

KNOCHE ALSO TOLD THE COMMITTEE THAT HE WOULD NOT CARRY OUT AN ORDER HE CONSIDERED ILLEGAL OR IMPROPER. HE SAID HE WOULD DO ONE OF THREE THINGS:

"RESIGN; GO PUBLIC; OR TALK TO THE COMMITTEE."

CIA OPERATIONS CENTER

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13 Jul 77

NEWS SERVICE

Item No. 12

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DISTRIBUTION II

ZYA237

R W BYLZYVEEV A508A

FAM-CIA RESIGNATION;490

FBI EVANS WITT

F ASSOCIATED PRESS WRITER

WASHINGTON (AP) - THE NO. 2 MAN AT THE CENTRAL INTELLIGENCE AGENCY HAS RESIGNED; REPORTEDLY OVER POLICY DIFFERENCES WITH PRESIDENT CARTER'S CIA DIRECTOR.

AND ONE KNOWLEDGEABLE SOURCE SAID THERE WAS A GOOD POSSIBILITY OF A SERIES OF RESIGNATIONS AT THE SPY AGENCY OVER THE SAME POLICY DIFFERENCES. BUT DETAILS OF THE POLICY DISPUTE WERE NOT AVAILABLE.

E. HENRY KNOCHE, A 24-YEAR VETERAN AT THE AGENCY, SUBMITTED HIS RESIGNATION TO PRESIDENT CARTER ON JULY 5; A SPOKESMAN FOR ADM. STANFIELD TURNER, THE CIA DIRECTOR, SAID WEDNESDAY.

THE CIA SPOKESMAN DENIED REPORTS THAT KNOCHE, 52, WAS FORCED TO RETIRE BY TURNER.

AND IN AN OFFICIAL STATEMENT, THE CIA DENIED THAT A WAVE OF FIRINGS WAS IMMINENT AT THE AGENCY.

"THERE ARE NO PLANS FOR FORCED RETIREMENTS OR REMOVALS OF ANY TOP CIA OFFICIALS. THERE ARE NO PLANS FOR MAJOR CHANGES IN THE CIA ORGANIZATION AT THIS TIME," THE STATEMENT SAID.

AT THE WHITE HOUSE, PRESIDENTIAL PRESS SECRETARY JODY POWELL REFERRED REPORTERS TO THE CIA'S STATEMENT ABOUT KNOCHE'S RESIGNATION AND SAID OF THE REPORTS OF FURTHER ONES, "I THINK THE REPORTS ARE EXAGGERATED."

KNOCHE WAS NAMED DEPUTY DIRECTOR OF THE CIA BY THEN-PRESIDENT GERALD FORD IN 1976. UNDER AN EXECUTIVE ORDER ISSUED BY FORD, KNOCHE WAS IN CHARGE OF THE CIA'S DAY-TO-DAY OPERATIONS.

A SOURCE FAMILIAR WITH THE SITUATION SAID KNOCHE RESIGNED BECAUSE HE DID NOT AGREE WITH THE PROGRAMS AND POLICIES ADVOCATED BY TURNER. THE SOURCE, WHO ASKED NOT TO BE QUOTED, WOULD NOT EXPLAIN THE ISSUES INVOLVED IN THE DISAGREEMENTS BETWEEN TURNER AND KNOCHE.

AT A FEBRUARY 1977 NEWS CONFERENCE, CARTER SAID THAT KNOCHE WAS "VERY COMPETENT." KNOCHE WAS ACTING DIRECTOR OF THE CIA AT THE TIME, FILLING IN BETWEEN THE RESIGNATION OF GEORGE BUSH AS CIA CHIEF AND TURNER'S CONFIRMATION.

KNOCHE JOINED THE CIA IN 1953 AS AN ANALYST, PART OF THE ANALYSIS BRANCH THAT MAKES UP THE LARGER PART OF THE CIA'S OPERATIONS.

AS DEPUTY DIRECTOR, KNOCHE WAS THE FIRST PERSON FROM THE ANALYSIS
BRANCH TO REACH SO HIGH A POSITION IN THE AGENCY. PREVIOUSLY, CAREER
CIA OFFICIALS TO REACH THE TOP ECHELON OF THE AGENCY HAD COME FROM THE
AGENCY'S CLANDESTINE SERVICE.

IN 1963, HE WAS MADE SPECIAL ASSISTANT TO THE CIA DIRECTOR. THEN, IN
1967, HE WAS NAMED EXECUTIVE DIRECTOR OF THE NATIONAL PHOTOGRAPHIC
INTERPRETATION CENTER.

IN 1965, HE WAS MADE DEPUTY DIRECTOR FOR BUDGETING AND PLANNING AND
DEPUTY DIRECTOR OF THE OFFICE OF CURRENT INTELLIGENCE IN 1970.

IN 1975, HE WAS NAMED ASSOCIATE DEPUTY TO THE DIRECTOR OF CENTRAL
INTELLIGENCE.

WHEN HE WAS SWORN IN LAST JULY AS DEPUTY DIRECTOR OF THE
SCANDAL-SHAKEN AGENCY, KNOCHE SAID:

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1627PED 07-13

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R W BYLWYFZVT A638

ARM-CIA RESIGNATION; INSERT; A237;120

WASHINGTON: INSERT AFTER 7TH GRAP: "AT THE . . . ARE EXAGGERATED."

IN A STATEMENT TO CIA EMPLOYEES ISSUED LATE WEDNESDAY AFTERNOON, KNOCHE CALLED HIS RESIGNATION "A MOST DIFFICULT DECISION." AND HE REFERRED TO CHANGES TO COME AT THE CIA.

"I CONCLUDED THAT IT WOULD BE IN THE BEST INTERESTS OF THE AGENCY AND THE NATION'S INTELLIGENCE EFFORT IF I STEPPED ASIDE NOW TO FACILITATE THE DIRECTOR'S TASK AS HE PREPARES TO MAKE DECISIONS ABOUT NEW ORGANIZATIONAL FORMS AND THE KIND OF NEW LEADERSHIP THAT HE WILL NEED TO CARRY OUT HIS FUTU

RE PLANS," HIS STATEMENT SAID.

LAST JANUARY KNOCHE RECEIVED THE GOVERNMENT'S HIGHEST AWARD FOR CAREER CIVIL SERVANTS. HE WAS CHOSEN FOR THE HONOR BY FORMER PRESIDENT GERALD R. FORD.

KNOCHE WAS NAMED DEPUTY DIRECTOR OF THE CIA BY FORD. UNDER AN EXECUTIVE ORDER ISSUED BY FORD, KNOCHE WAS IN CHARGE OF THE CIA'S DAY-TO-DAY OPERATIONS.

ARM SOURCE: 9TH GRAP

1740PED 07-13

CIA chief boots No. 2 in cleanup

WASHINGTON (UPI)— CIA chief Stansfield Turner has forced his No. 1 deputy to retire and has demanded the retirement of the top command of the agency's clandestine operations department, sources said today.

There was no official confirmation from the CIA.

The sources said Turner had requested the early retirement of E. Henry Knoche, 52, his deputy director who last January was decorated by President Carter for distinguished civilian service.

They said Knoche sent his letter to the White House, a necessary formality because he was appointed by the President and confirmed by the Senate.

White House press secretary Jody Powell said Turner "has discussed his plans with the President, (but) not with regard to every specific change." Powell said he did not know whether Carter had received Knoche's letter.

A request for early retirement is the CIA euphemism for a demand for resignation.

The sources said Turner also asked for the early retirement of at least 20 men who run the CIA's department responsible for covert operations and undercover gathering of intelligence, including the director and his deputy. One source called it a wholesale purge.

"This comprises about the whole headquarters command of that section, which is not large," the source said. "Almost all are senior officers."

Knoche, a former Navy veteran of World War II and Korea, joined the CIA in 1953 and was confirmed as deputy to CIA Direc-

S.F. EXAMINER—

Wed., July 13, 1977 ☆☆

CIA director ousting No. 2, 20 others

—From Page 1

tor George Bush June 30, 1976. Bush, an appointee of President Gerald Ford, resigned after Carter was elected.

Knoche ran the CIA as acting director in the interim before Turner took over last February.

The sources said Turner selected John McMahon, now in the administrative section of CIA but who also formerly was in the clandestine directorate, to replace Knoche.

The reasons for Knoche's forced early retirement were not clear but a pattern was evident in the intended sweep by Turner of the clandestine operations directorate.

He requested the early retirement of William Wells and Theodore Schackley, the two top men in the deputy directorate of operations — the CIA branch that handles clandestine operations. Both are agency veterans and one unconfirmed report said they are resisting the pressure to retire.

In addition, 20 members of the directorate were in effect asked to resign via early retirement.

—See Back Page, Col. 6